

Message Text

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ACTION EA-12

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L-03 NSAE-00 NSC-05 OMB-01 PM-05 ICA-11 OES-07
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FM AMEMBASSY TAIPEI

TO SECSTATE WASHDC PRIORITY 7821

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E.O. 11652: N/A

TAGS: ENRG, ETRD, TW

SUBJECT: VISIT OF ROBERT B. ANDERSON

REF: (A) TAIPEI 703, (B) STATE 151725

1. FORMER TREASURY SECRETARY ANDERSON HAS BRIEFED EMBASSY
ON THE STATUS OF SEVERAL PROJECTS IN TAIWAN: HAWAIIAN
REFINERY FOR ALASKAN CRUDE; SAN FU TRUCKS;
TAIPEI HOTEL; AUTOMOTIVE SPARE
PARTS MANUFACTURE AND SALE OF WINES.

2. CONCERNING THE ALASKA OIL PROJECT (SEE REFTTEL A)
ANDERSON TOLD EMBASSY PROJECT WOULD INVOLVE A JOINT
INVESTMENT BY THE ROC'S CHINESE PETROLEUM COMPANY (CPC),
THE DILLINGHAM COMPANY (U.S), AND THE HAWAII PUBLIC
UTILITY COMPANY IN A 100,000 PBD REFINERY IN HAWAII.
CRUDE OIL INPUT FOR THE REFINERY WOULD COME FROM ALASKA;
THE CPC WOULD TAKE A SUBSTANTIAL PORTION OF THE
REFINERY'S OUTPUT (THE "RESIDUAL," ACCORDING TO ANDERSON)
FOR FEEDSTOCKS FOR USE BY, INTERALIA, THE ROC'S PETRO-
CHEMICAL INDUSTRY. ANDERSON ESTIMATES PROJECT WOULD
RESULT IN ANNUAL SALE OF US \$500 MILLION IN RESIDUAL OIL
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TO THE ROC. HE INFORMED EMBASSY THAT THE DEPARTMENT OF
COMMERCE HAD THE AUTHORITY TO GRANT 90-DAY PERMITS
ALLOWING THE EXPORT FROM THE UNITED STATES OF SUCH
"RESIDUAL" OIL BUT THAT HE WOULD LIKE TO PERSUADE
COMMERCE TO ISSUE PERMITS FOR A LONGER PERIOD OF TIME, TO
FACILITATE LONG-TERM FINANCING FOR THE REFINERY.

3. ANDERSON SAID THAT HE HAD BEEN IN CONTACT WITH SENATORS FROM ALASKA, HAWAII, AND FROM WEST COAST STATES, WITH SEVERAL COMMITTEES IN BOTH THE HOUSE AND THE SENATE, AND WITH STR STRAUSS, DOE SECRETARY SCHLESINGER, AND DOD ASSISTANT SECRETARY MORGANTHAYER, AND HAD RECEIVED SUPPORT FOR HIS PROJECT ON ALL SIDES, SPECIFICALLY, SENATOR INOUE'S OFFICE HAD ARRANGED FOR CPC CHAIRMAN JERRY HU (HU HSIN-NAN) TO MEET WITH SECRETARY VANCE ABOUT SIX WEEKS AGO, BUT HU, THEN TRAVELLING IN SOUTH AMERICA, HAD BEEN OBLIGED TO RETURN TO TAIPEI AND APPOINTMENT HAD TO BE CANCELLED.

4. AMBASSADOR INFORMED ANDERSON THAT WHILE HE COULD NOT JUDGE PROSPECTS FOR ANDERSON'S RECEIVING PERMISSION TO EXPORT THE HAWAIIAN REFINERY'S RESIDUAL TO TAIWAN, HE COULD FORESEE NO OBJECTION FROM THE EMBASSY'S POINT OF VIEW.

5. EMBASSY WOULD APPRECIATE COMMENT FROM DEPARTMENT ABOUT PROJECT IN GENERAL AS WELL AS FEASIBILITY OF PROPOSED EXPORT OF "RESIDUAL" OIL. FROM OUR PERSPECTIVE THE PROJECT COULD MAKE A SIGNIFICANT REDUCTION IN OUR TRADE DEFICIT WITH THE ROC, AS WELL AS PROVIDE CONCRETE EVIDENCE THAT WE INTEND TO CONTINUE SIGNIFICANT ECONOMIC RELATIONS WITH THE ROC AFTER NORMALIZATION.

UNGER

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